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A faint, light gray world map is visible in the background of the page, centered behind the text. It shows the outlines of the continents and major countries.

Market Brief - Orange

Korea, Republic of :

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Seoul [KS1], KS

Market Brief on Orange

September 1999

1. Market Prospects

Summary

Korean consumers hold quality U.S. fresh oranges in high demand. Korea, a country mesmerized with the orange as a good natural health food, sources nearly all imported oranges from the U.S. In August 1999, South Africa became the U.S.' lone external competitor in the Korean market. Korean's are slowly diversifying the variety of fruit consumed but oranges remain the preferred choice for nearly all important occasions. In the last four years Korean's consumption of oranges, mainly the navel variety, doubled while imports of oranges from the U.S. jumped 112 percent.

Advantages

- ! Positive image with consumers as a quality, nutritious fruit with strong eye appeal in both shape and color.
- ! Popular fresh fruit with consumers of all ages, especially with younger people.
- ! Extensive product promotion by sectors such as food services, which promote oranges on menus as a dessert item.
- ! Expanding demand driven by evolving markets such as fresh juice.
- ! Long time consumer familiarity with the fresh taste of oranges.
- ! Readily available and reasonably priced for a broad audience through retail sales at both discount and department stores.

Challenges

- ! High quota tariffs translate to higher retail prices for consumers.
- ! Mandatory fumigation of imported fresh oranges increase financial costs and shortens shelf life.
- ! Head-to-head marketing competition with the domestically produced mandarin orange.
- ! In-quota fresh orange imports controlled by the domestic growers cooperative which tenders during the off-season; an arrangement which discourages market promotion by U.S. suppliers.
- ! Food safety concerns raised by special interest groups who actively monitor evolving issues in supplying countries.

2. Market Access

- ! In 1995, the fresh orange market was liberalized under a tariff quota system. The Cheju Citrus Cooperative was given exclusive authority then to import all oranges under the in-quota tariff rate. All other commercial imported oranges are subject to the higher out-of-quota tariff. In-quota and out-of-quota tariff rates will equalize in 2004.

Korea: Import Quota and Tariff Schedule for Fresh Orange

Year		1999	2000	2001	2002	2003	2004
Quota (MT)		31,641	35,596	40,046	45,052	50,684	57,020
Tariff	In-quota	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
	Out-quota	74.5%	69.6%	64.7%	59.8%	54.9%	50.0%

- ! Methyl bromide fumigation is required on all fresh orange imported from the U.S. Fumigation treatment, costing 250,000 to 350,000 Won (about \$200 to \$290) per container, can result in blemishes on peels and shorter shelf-life.
- ! Korean labeling, packaging and inspection standards are subject to frequent modification. Close communication with an established Korean importer is recommended to remain current on Korean standards.

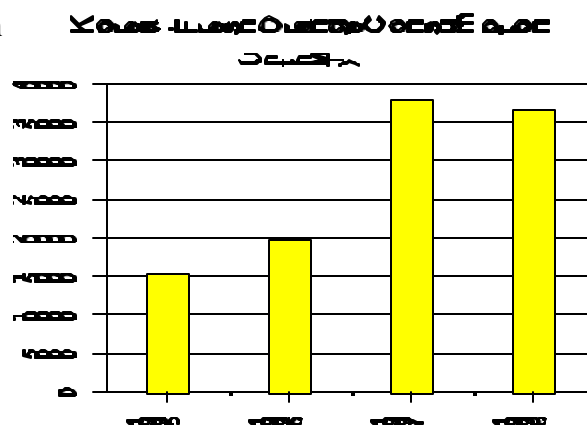
3. Trends in Consumption

- ! Korean consumers consume an ever widening variety of imported high quality fresh fruits since the market liberalization in early 1990s.

- ! About 60% of Korean households purchase fresh fruit every 2 or 3 days; 20 % purchase fresh fruit daily.

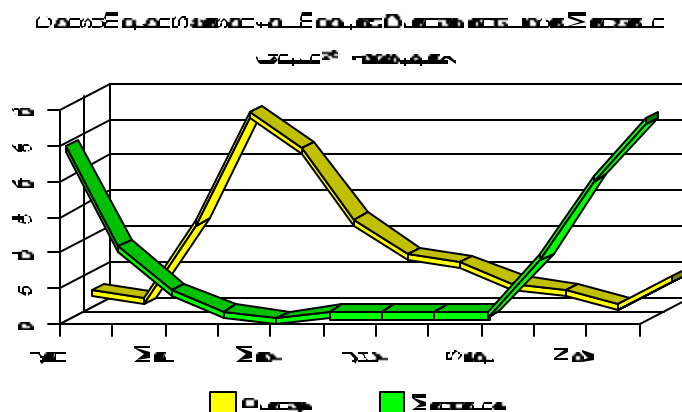
- ! Oranges are served as dessert in restaurants and, often, with tea or coffee to guests as a gesture of hospitality in the home.

- ! Orange consumption has doubled over the last four years. The economic crisis in 1998 did little to dampen consumption.



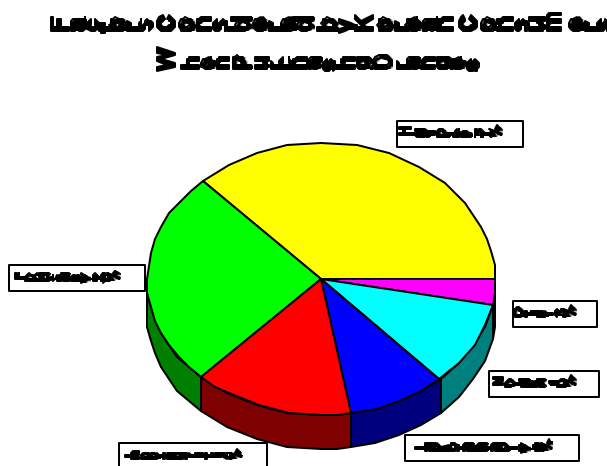
Note: Prior to 1995 orange imports were banned
Source: Korea Trade Information Services (KOTIS)

- ! Marketing of imported fresh oranges occurs year-round now with 80 % of imports arriving March to June.
- ! In-store promotions, such as sampling tests, are conducted in both discount and department stores during peak demand periods. Orange sales increase, on average, 4 to 5 fold during such promotions.



Source: Karak wholesale market and KOTIS

- ! Given a choice, Korean consumers prefer oranges to other fruits when both are available.
- ! Year-round demand is being driven by the food service sector as hotels and family restaurants, pubs and catering services serve oranges as a dessert or as an appetizer on fruit trays.



Source: Cheju University, October 1998

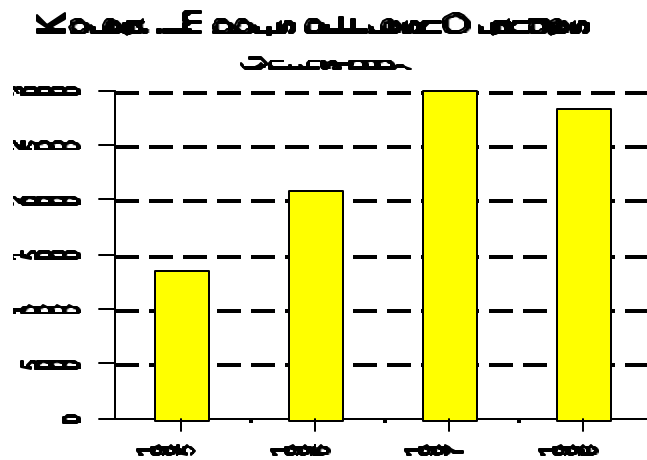
- ! Retail sales of orange juice is expanding, driven by consumer demand for fresh-squeezed rather than concentrate-based juice. To capitalize on growing popularity of fresh-squeezed orange juice, large retail stores are quickly opening juice specialty corners and juice bars in supermarket sections.
- ! Korean's greater health consciousness is translating to consumption of more fresh produce in the average diet. In general, Koreans view U.S. oranges as being of high quality, nutritious and healthy to eat. Some younger Koreans even view consumption of oranges as a beauty aid.

- ! Korean's greater food safety awareness necessitates constant monitoring and educating by U.S. suppliers to mitigate development of damaging attitudes based on misunderstandings about evolving production and distribution technologies. For example, wax treatment is mistakenly believed by

many Korean consumers to be an agricultural chemical.

4. Competition

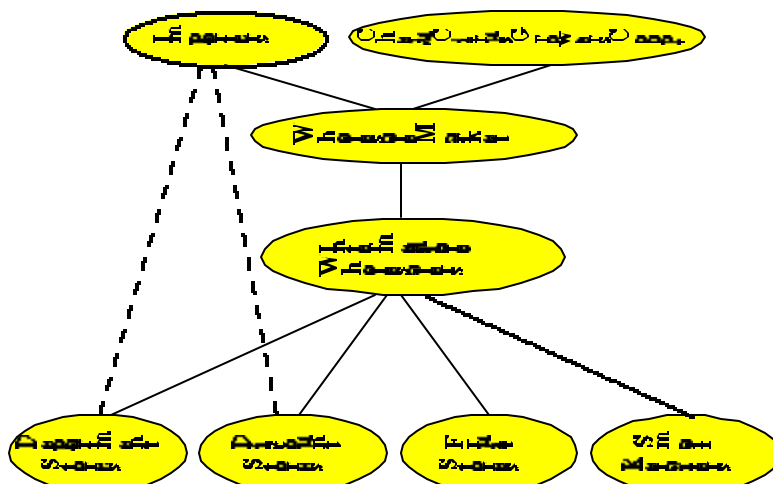
- ! Korean imports of fresh oranges more than doubled in recent years, from \$13.4 million in 1995 to \$28.4 million in 1998.
- ! Until August 1999, the U.S. was the sole supplier of imported oranges in Korea. California is the primary U.S. source state, supplying both Navel and Valencia orange varieties. Florida is recently re-approved to export to Korea, and competes in the Valencia market.



Note: U.S. is the sole supplier until 1999

Source: Korea Trade Information Services

- ! In August 1999, South Africa exported its first shipment to Korea, only the second country with such approval. South African Navel oranges will compete for the market during the May - October period, primarily against the U.S. Valencia orange.
- ! Domestically produced mandarin oranges offer stiff competition for U.S. varieties from September - April.
- ! The Cheju Citrus Cooperative guides the competition through its marketing authority over locally produced mandarins and imported in-quota oranges.
- ! Other fruits provide minimal competition as those fruits are mainly marketed during the orange's off-season.



5. Distribution Channels

- ! Imported oranges are marketed to retailers directly or indirectly through the wholesale market.
- ! The wholesale market provides broader market access but at a cost. The average commission fee charged at the wholesale market is 4% - 7%.

- ! The retail market is undergoing a transformation, moving towards larger-scale outlets where volume sales are more the focus.

6. Pricing

- ! During the first seven months of 1999, the average price for imported fresh oranges was \$1.04 per kilo (C.I.F.). In 1997 and 1998, prices were \$0.79 and \$0.77, respectively.
- ! In the first seven months of 1999, the average wholesale auction price ranged from 48,696 to 73,000 Won per 18 kilo box (about \$2.25 to \$3.38 per kilo).
- ! At retail, oranges are sold by the piece. In the first seven months of 1999, retail prices of fresh oranges were:
 - \$ Larger size oranges (88 count per 40 lb carton) ranged from 800 to 1300 won per piece (about \$0.65 to \$1.08) in department stores.
 - \$ Smaller size oranges (113 count per 40 lb carton) ranged from 400 to 700 won per piece (about \$0.33 to \$0.58) in discount stores.

7. Packaging

- ! California Navel oranges are packed in 40 lb (18.14 kilo) cartons, with counts of 72, 88, 113, or 138 oranges per carton. The 88 and 113 count carton are the most commonly traded. Florida Valencia oranges are packed in 50 lb (22.68 kilo) cartons, with counts of 80, 100, or 125 oranges per carton. The 125 count carton is the most commonly traded.
- ! South African Navel oranges are packed in 15 kilo cartons, with counts of 48, 56, 72, 88 oranges per carton. The 72 and 88 count cartons are the most commonly traded.
- ! Locally produced oranges are traded wholesale mostly in 10 to 15 kilo boxes. Most Korean fruit dealers prefer the smaller carton for ease of handling.

8. List of Importers

Please see attached.

For further information contact:

Agricultural Trade Office

American Embassy

Unit #15550, APO AP 96205-0001

Tel. No.: 82-2-397-4188

Fax No.: 82-2-720-7921

E-mail: ATOSeoul@fas.usda.gov

Internet: www.atoseoul.com

Importers List of Oranges, Fresh

Company	Contact 1	Title1	Address1	Address2	City	Postcode	Country	Telephone	Fax	E-Mail Address
B.L International Co., Ltd.	Mr. LEE, Han Gu	Staff	Rm. 3-49-1 Chengwoa-dong	600 Karak-dong, Songpa-ku	Seoul	138-701	Korea	02-431-6872	431-6873	
Bunghong Trading Co., Ltd.	Mr. CHO, Giu Reon	President	Rm. 203 Youngshin Bldg.	84-8 Chungang-dong 4-ka, Chung-ku	Pusan	600-014	Korea	051-462-5200	051-462-5201	
Changshin Agricultural Co., Ltd.	Mr. KANG, Byung Ho	President	Rm. 3-93 Chunggwadong Bldg.	600 Karak-dong, Songpa-ku	Seoul	138-701	Korea	02-448-8567	408-5185	
Do One Marketing Co., Ltd	Mr. OH, Chang Hwa	Asst. Manager	6th Fl. Seowon Bldg.	57 Karak-dong, Songpa-ku	Seoul	138-160	Korea	02-443-7123	443-7125	
Hanjoong Total Trade Business	Mr. SHIN, Bong Suk	President	Rm. 901 Jeil Officetel	99-3 Karak-dong, Songpa-ku	Seoul	138-715	Korea	02-431-0617/8	431-0619	
Hotel Shilla Co., Ltd.	Mr. KIM, Young Chan	Asst. Manager		202 Jangchung-dong 2-ka, Chung-ku	Seoul	100-392	Korea	02-2230-3291/5	2230-3794	
I.P.M. Co., Ltd.	Mr. PARK, Sam Soo	Manager	Joongang Chunggwa Senong Korea	600 Karak-dong, Songpa-ku	Seoul	138-701	Korea	02-407-3423	403-1817	
Jinsan Corp.	Mr. KIM, Jong Gun	President		40-639 Hangangno 3-ka, Yongsan-ku	Seoul	140-013	Korea	02-797-8771/2	797-8773	
Jinwon Trading Co., Ltd.	Mr. OH, Chang Hwa	Manager	Jinwon Bldg.	16-85 Hangangno 3-ka, Yongsan-ku	Seoul	140-013	Korea	02-715-0711	715-0712	

Company	Contact 1	Title1	Address1	Address2	City	Postcode	Country	Telephone	Fax	E-Mail Address
Joongang Trading Co., Ltd.	Mr. MIN, Byoung Moo	President	Rm. 701 Daeyoung Bldg.	69-7 Taepyeongno 2-ka, Chung-ku	Seoul	100-102	Korea	02-753-2653	757-4406	
K. J Enterprise Co., Ltd.	Mr. KWON, Heon Wook	Staff		461-25 Seogyo-dong, Mapo-ku	Seoul	121-210	Korea	02-3141/4	3141-4135	
KMT Int'l Co., Ltd.	Mr. YOON, Jae Hyun		2nd Fl. Suckchon Bldg.	264-3 Yangjae-dong, Seocho-ku	Seoul	137-130	Korea	02-575-4141/4	575-5115	
KTS	Mr. KWON, Yong Chul	Manager		255-5 Neung-dong, Kwangjin-ku	Seoul	143-180	Korea	02-458-3295/6	458-8052	
Kolon International Corp.	Mr. LEE, Kwang Keun	Manager	16th Fl. Kolon Bldg.	45 Mugyo-dong, Chung-ku	Seoul	100-170	Korea	02-311-8114	754-5314	
Korea Marketing Co., Ltd.	Mr. KIM, Woo Jung	Director		137-9 Kwangan 2-dong, Sooyoung-ku	Pusan	613-102	Korea	051-759-9575	051-759-9574	
Lobana Company Limited	Mr. LEE, Woo Jin	A. G. Manager	Rm. 201 Jesung Bldg.	257-3 Gongduk-dong, Mapo-ku	Seoul	121-020	Korea	02-701-3631/3	701-3634	
Nong-U Limited	Mr. LEE, Jae Kun	President	Rm. 803 Keobugi Bldg.	98-7 Karak-dong, Songpa-ku	Seoul	138-710	Korea	02-443-1637	443-1639	
Ocean Pacific Marketing	Mr. GWON, Hyun Geun	General Manager	Rm. 1511 Samil Plaza	837-26 Yoksam-dong, Kangnam-ku	Seoul	135-080	Korea	02-3453-4167	3453-4169	
Pacific Rim International Brokerage Inc.	Mr. PARK, Young Joon	General Manager		40-604 Hangangno 3-ka, Yongsan-ku	Seoul	140-013	Korea	02-790-8477	792-6029	pribmail@so back.kornet.nm.kr
Sejong Int'l Trading Co.	Ms. CHO, Yoon Jeong	Staff	4th Fl. Sejong Bldg.	61-4 Chungmuro 2-ka, Chung-ku	Seoul	100-012	Korea	02-777-3836	777-3837	

Company	Contact 1	Title1	Address1	Address2	City	Postcode	Country	Telephone	Fax	E-Mail Address
Seyang World Corporation Co., Ltd.	Mr. KIM, Ju Hyun		5th Fl. Tongyang Bldg.	591 Shinsa-dong, Kangnam-ku	Seoul	135-120	Korea	02-516-4091/4	516-4095	
Sundo Resource Co., Ltd.	Mr. KIM, Won Gee	Director	Rm. 2001-4, COEX	159 Samsung-dong, Kangnam-ku	Seoul	135-731	Korea	02-551-1071/4	551-1075	
Taebong Co., Ltd.	Mr. KIM, Jung Shik	A. G. Manager		111-6 Wooshin-ri, Sunghwan-up, Chunan-shi	Chungnam	330-800	Korea	0417-581-1981/5	0417-581-1986	
Taeyang Trading Co., Ltd.	Ms. SHON, Mi Kyung	President	Rm. 301 Wookyoung Bldg.	452-6 Bangbae-dong, Seocho-ku	Seoul	137-060	Korea	02-598-4343	598-4345	
WooIl Marine Co., Ltd.	Mr. LEE, Jung Yeol	Manager	Rm. 1004 DaehanTongwoon Bldg.	1211-1 Choryang-dong, Dong-ku	Pusan	601-010	Korea	051-462-4851	051-463-9464	
Wooil Marine Co.	Mr. LEE, Jun Ryull	President	Rm. 1004 Daehantongwoon Bldg.	1211-1 Choryang-dong, Dong-ku	Pusan	601-010	Korea	051-463-9945/8	051-466-0454	
Word Fresh Co., Ltd.	Mr. LEE, Seung Goo	A. G. Manager	2nd Fl. Youngang Bldg.	114-28 Nonhyun-dong, Kangnam-ku	Seoul	135-010	Korea	02-512-5949	549-5562	
Yungsung Industrial Co., Ltd.	Mr. KIM, Hyung Sub	Asst. Manager	5th Fl. Sungji Heights Bldg.	642-6 Yoksam-dong, Kangnam-ku	Seoul	135-080	Korea	02-5390811/9	539-0810	